

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2019 (Based on Japanese GAAP)

May 13, 2019

Company name: Shindengen Electric Manufacturing Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 6844 URL <https://www.shindengen.co.jp/>
 Representative: President Yoshinori Suzuki
 Inquiries: Manager of Corporate Planning Group, Yoshiaki Matsumoto TEL 03-3279-4431
 Planning Dept.
 Scheduled date of ordinary general meeting of shareholders: June 27, 2019
 Scheduled date to file Securities Report: June 28, 2019
 Scheduled date to commence dividend payments: June 28, 2019
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2019	94,703	2.7	5,638	(17.7)	5,980	(16.5)	3,876	(26.8)
Year ended March 31, 2018	92,177	1.9	6,853	34.3	7,164	55.6	5,293	56.2

Note: Comprehensive income Year ended March 31, 2019 ¥1,590 million [(75.4)%]
 Year ended March 31, 2018 ¥6,463 million [42.2%]

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2019	376.41	–	6.5	4.6	6.0
Year ended March 31, 2018	513.91	–	9.4	5.5	7.4

Reference: Share of loss (profit) of entities accounted for using equity method

Year ended March 31, 2019 ¥420 million
 Year ended March 31, 2018 ¥410 million

* Effective October 1, 2017, the Company consolidated its common shares at the ratio of 10 shares to 1 share. Accordingly, earnings per share have been calculated as if this consolidation of common shares was conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2019	128,669	59,470	46.2	5,774.08
As of March 31, 2018	133,706	59,169	44.3	5,744.60

Reference: Equity As of March 31, 2019 ¥59,470 million
 As of March 31, 2018 ¥59,169 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2019	3,495	(5,875)	(4,603)	32,505
Year ended March 31, 2018	9,335	(4,823)	(3,025)	39,625

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2018	–	0.00	–	125.00	125.00	1,287	24.3	2.3
Year ended March 31, 2019	–	0.00	–	125.00	125.00	1,287	33.2	2.2
Year ending March 31, 2020 (Forecast)	–	0.00	–	125.00	125.00		30.7	

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2019	47,800	2.6	2,200	(25.3)	2,600	(18.4)	1,900	(18.3)	184.47
Full year	100,000	5.6	5,000	(11.3)	5,700	(4.7)	4,200	8.3	407.78

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2019

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2019	10,338,884 shares	As of March 31, 2018	10,338,884 shares
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Number of treasury shares at the end of the period

As of March 31, 2019	39,387 shares	As of March 31, 2018	38,934 shares
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Average number of shares during the period

Year ended March 31, 2019	10,299,714 shares	Year ended March 31, 2018	10,300,842 shares
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* Effective October 1, 2017, the Company consolidated its common shares at the ratio of 10 shares to 1 share. Accordingly, total number of issued shares at the end of the period, number of treasury shares at the end of the period and average number of shares during the period have been calculated as if this consolidation of common shares was conducted at the beginning of the previous fiscal year.

(Reference)

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(1) Non-consolidated operating results

Percentages indicate year-on-year changes

	Net Sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year Ended March 31, 2019	80,380	2.8	1,522	(33.8)	3,797	(11.2)	2,448	(24.4)
Year Ended March 31, 2018	78,180	2.2	2,300	517.3	4,274	144.2	3,238	92.5

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Year Ended March 31, 2019	237.73		-	
Year Ended March 31, 2018	314.38		-	

* Effective October 1, 2017, the Company consolidated its common shares at the ratio of 10 shares to 1 share. Accordingly, earnings per share have been calculated as if this consolidation of common shares was conducted at the beginning of the previous fiscal year.

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
As of March 31, 2019	102,859		44,595		43.4		4,329.87	
As of March 31, 2018	107,760		45,353		42.1		4,403.26	

Reference: Equity As of March 31, 2019 ¥44,595 million
As of March 31, 2018 ¥45,353 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Explanation of proper use of financial results forecast, and other special matters

(Caution concerning forward-looking statements)

The forward-looking statements, including the financial results forecast shown in this document, are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. As such, they do not constitute guarantees by the Company of future performance. Actual performance and other results may differ materially due to various factors.

(How to obtain a copy of the supplementary material on financial results and earnings results briefing materials)

The Company plans to hold a presentation for securities analysts and institutional investors on May 17, 2019 (Friday). The earnings results briefing materials distributed at the meeting will be posted promptly on the Company website after the meeting is held.

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	33,058	25,505
Notes and accounts receivable - trade	19,336	19,044
Securities	7,000	7,000
Merchandise and finished goods	7,243	8,430
Work in process	3,709	4,704
Raw materials and supplies	9,094	10,624
Other	3,981	4,583
Allowance for doubtful accounts	(20)	(18)
Total current assets	83,403	79,874
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,295	8,094
Machinery, equipment and vehicles, net	7,642	8,699
Land	5,878	5,769
Leased assets, net	836	948
Construction in progress	1,540	2,201
Other, net	1,742	1,782
Total property, plant and equipment	25,936	27,495
Intangible assets		
Software	972	955
Leased assets	6	0
Other	696	553
Total intangible assets	1,675	1,509
Investments and other assets		
Investment securities	16,032	13,673
Deferred tax assets	6,016	5,505
Other	688	659
Allowance for doubtful accounts	(46)	(48)
Total investments and other assets	22,690	19,789
Total non-current assets	50,303	48,795
Total assets	133,706	128,669

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,495	15,283
Short-term loans payable	7,425	5,750
Current portion of bonds	500	975
Lease obligations	257	280
Income taxes payable	933	62
Provision for bonuses	1,132	1,111
Other	6,564	6,668
Total current liabilities	31,308	30,131
Non-current liabilities		
Bonds payable	4,775	6,300
Long-term loans payable	17,025	13,725
Lease obligations	658	745
Deferred tax liabilities	100	128
Retirement benefit liability	16,084	15,305
Provision for product warranties	4,414	2,690
Asset retirement obligations	142	141
Other	29	32
Total non-current liabilities	43,228	39,067
Total liabilities	74,537	69,199
Net assets		
Shareholders' equity		
Capital stock	17,823	17,823
Capital surplus	7,738	7,738
Retained earnings	33,106	35,695
Treasury shares	(143)	(145)
Total shareholders' equity	58,524	61,111
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,632	1,719
Foreign currency translation adjustment	(710)	(1,659)
Remeasurements of defined benefit plans	(2,278)	(1,702)
Total accumulated other comprehensive income	644	(1,641)
Total net assets	59,169	59,470
Total liabilities and net assets	133,706	128,669

Consolidated statements of income and consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	92,177	94,703
Cost of sales	72,630	75,482
Gross profit	19,546	19,220
Selling, general and administrative expenses	12,693	13,581
Operating profit	6,853	5,638
Non-operating income		
Interest income	122	168
Dividend income	323	370
Share of profit of entities accounted for using equity method	410	420
Royalty income	52	23
Other	233	143
Total non-operating income	1,142	1,126
Non-operating expenses		
Interest expenses	312	238
Foreign exchange losses	254	340
Other	265	206
Total non-operating expenses	832	784
Ordinary profit	7,164	5,980
Extraordinary losses		
Business structure improvement expenses	–	164
Impairment loss	65	85
Total extraordinary losses	65	249
Profit before income taxes	7,098	5,731
Income taxes - current	1,656	709
Income taxes - deferred	148	1,144
Total income taxes	1,804	1,854
Profit	5,293	3,876
Profit attributable to		
Profit attributable to owners of parent	5,293	3,876
Other comprehensive income		
Valuation difference on available-for-sale securities	979	(1,913)
Foreign currency translation adjustment	(46)	(930)
Remeasurements of defined benefit plans, net of tax	343	575
Share of other comprehensive income of entities accounted for using equity method	(106)	(18)
Total other comprehensive income	1,169	(2,286)
Comprehensive income	6,463	1,590
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,463	1,590
Comprehensive income attributable to non-controlling interests	–	–

Consolidated statements of changes in equity

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income				Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	17,823	7,738	29,100	(132)	54,529	2,653	(556)	(2,621)	(524)	54,004
Changes of items during period										
Dividends of surplus			(1,287)		(1,287)					(1,287)
Profit attributable to owners of parent			5,293		5,293					5,293
Purchase of treasury shares				(10)	(10)					(10)
Net changes of items other than shareholders' equity						979	(153)	343	1,169	1,169
Total changes of items during period	–	–	4,006	(10)	3,995	979	(153)	343	1,169	5,164
Balance at end of current period	17,823	7,738	33,106	(143)	58,524	3,632	(710)	(2,278)	644	59,169

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income				Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	17,823	7,738	33,106	(143)	58,524	3,632	(710)	(2,278)	644	59,169
Changes of items during period										
Dividends of surplus			(1,287)		(1,287)					(1,287)
Profit attributable to owners of parent			3,876		3,876					3,876
Purchase of treasury shares				(2)	(2)					(2)
Net changes of items other than shareholders' equity						(1,913)	(949)	575	(2,286)	(2,286)
Total changes of items during period	–	–	2,589	(2)	2,587	(1,913)	(949)	575	(2,286)	301
Balance at end of current period	17,823	7,738	35,695	(145)	61,111	1,719	(1,659)	(1,702)	(1,641)	59,470

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	7,098	5,731
Depreciation	4,519	4,971
Loss on retirement of property, plant and equipment	21	37
Increase (decrease) in provision for bonuses	204	(21)
Increase (decrease) in provision for product warranties	(1,055)	(1,723)
Increase (decrease) in retirement benefit liability	125	37
Interest and dividend income	(445)	(539)
Interest expenses	312	238
Bond issuance cost	63	62
Decrease (increase) in notes and accounts receivable - trade	(150)	(9)
Decrease (increase) in inventories	(1,847)	(4,059)
Increase (decrease) in notes and accounts payable - trade	406	1,101
Decrease (increase) in consumption taxes refund receivable	(282)	(378)
Decrease (increase) in accounts receivable - other	(127)	17
Impairment loss	65	85
Other, net	1,197	(394)
Subtotal	10,106	5,156
Interest and dividend income received	458	565
Interest expenses paid	(305)	(239)
Income taxes paid	(923)	(1,988)
Other, net	–	0
Net cash provided by (used in) operating activities	9,335	3,495
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,091)	(5,989)
Proceeds from sales of property, plant and equipment	37	5
Purchase of intangible assets	(751)	(320)
Purchase of investment securities	(20)	–
Proceeds from sales of investment securities	3	0
Other, net	(1)	428
Net cash provided by (used in) investing activities	(4,823)	(5,875)
Cash flows from financing activities		
Proceeds from long-term loans payable	3,500	2,500
Repayments of long-term loans payable	(7,289)	(7,475)
Proceeds from issuance of bonds	2,436	2,437
Redemption of bonds	(150)	(500)
Purchase of treasury shares	(8)	(2)
Repayments of lease obligations	(226)	(277)
Cash dividends paid	(1,287)	(1,287)
Net cash provided by (used in) financing activities	(3,025)	(4,603)
Effect of exchange rate change on cash and cash equivalents	(132)	(136)
Net increase (decrease) in cash and cash equivalents	1,353	(7,120)
Cash and cash equivalents at beginning of period	38,271	39,625
Cash and cash equivalents at end of period	39,625	32,505

Segment Information

Year ended March 31, 2019(April 1, 2018 to March 31, 2019)

1. Reporting segment overview

The Company's reportable operating segments are components of an entity for which separate financial information is available and evaluated regularly by the board of directors in determining the allocation of management resources and in assessing performance.

The Shindengen Group formulates comprehensive domestic and overseas strategies for the products that its business divisions provide.

The Shindengen Group' business is organized into three reportable segments—Electronic Device Business, Car Electronics Business and Energy Systems & Solutions Business—which form the base of its business divisions.

The Electronic Device Business manufactures diodes, thyristors, MOSFET, high-withstand voltage power ICs and power modules.

The Car Electronics Business mainly manufactures electronics components for motorcycles and automobiles, along with general purpose inverters.

The Next Generation Energy Business has changed its name to Energy Systems & Solutions Business, which primarily manufactures power conditioners for photovoltaic generators, power storage systems, recharging stands for electric vehicles, and power supplies for information and communication equipment.

2. Method of calculating sales, income (loss), identifiable assets/liabilities and other items by reporting segment

The accounting method for business segments reported is based on the same method applied to consolidated financial statements. Income by reporting segment is the amount based on operating income. In addition, inter-segment sales and transfers are primarily based on market prices or manufacturing costs.

3. Net sales, income (loss), identifiable assets/liabilities and other items by reporting segment

	Millions of yen							
	Year ended March 31, 2019							Financial
	Electronic Devices Business	Car Electronics Business	Energy Systems & Solutions Business	Total	Other (Notes 2)	Total	Adjustments (Notes 3)	Statement Amount (Notes 4)
Net Sales								
Outside customers	¥ 34,016	¥ 51,836	¥ 7,733	¥ 93,586	¥ 1,116	¥ 94,703	¥ —	¥ 94,703
Inter-segment	6,457	44	—	6,502	—	6,502	(6,502)	—
Total	40,474	51,880	7,733	100,088	1,116	101,205	(6,502)	94,703
Segment income (loss)	2,576	10,006	(2,525)	10,058	45	10,103	(4,464)	5,638
Segment assets	38,926	32,195	6,194	77,316	328	77,644	51,024	128,669
Other items								
Depreciation and amortization	2,851	1,421	228	4,500	—	4,500	471	4,971
Increases in property, plant and equipment and intangible assets	3,893	1,892	303	6,089	—	6,089	885	6,975

- Notes:
1. Amounts under one million yen are omitted.
 2. The "Other" category includes activities not included in the reporting segments, such as solenoids.
 3. Details of adjustments are below:
 - (1) ¥(4,464) million posted under "Adjustments" includes "Corporate expenses" that have not been allocated to each reporting segment. "Corporate expenses" are primarily general and administrative expenses that cannot be attributed to any reporting segment.
 - (2) Segment assets totaling ¥51,024 million posted under "Adjustments" comprise corporate assets of ¥50,742 million not allocated to each reporting segment and other adjustments of ¥282 million.
 - (3) Depreciation and amortization totaling ¥471 million posted under "Adjustments" mainly comprises corporate expenses not attributable to each reporting segment.
 - (4) The increases in property, plant and equipment and intangible assets amounting to ¥885 million posted under "Adjustments" primarily comprises corporate assets not attributable to each reporting segment.
 4. Segment income (loss) is adjusted to the operating income stated on the consolidated statements of income and consolidated statements of comprehensive income.